

What Does A 'Notably Successful School District' Look Like?

MSBO FINANCIAL STRATEGIES CONFERENCE
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Introductions



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Background

- *Michigan Education Finance Study* – June 2016, prepared by Augenblick, Palaich and Associates
- Identified 58 Notably Successful Districts (NSDs)
 - 4 outliers excluded
- Oakland Schools Education Foundation engaged Plante Moran to analyze the NSDs using a broader data set

What is a ‘Notably Successful District’?

- The *Michigan Education Finance Study* identified the following standards:

STANDARD	CRITERIA
Above Average	<ul style="list-style-type: none"> • Defined by MDE • Percentage of students scoring proficient or above in all tested subjects is above State average
High Absolute Performance	<ul style="list-style-type: none"> • Percentage of students scoring proficient or above in all tested subjects is at least one standard deviation above State average
Growth	<ul style="list-style-type: none"> • Change in percentage of students scoring proficient or above in all tested subjects (2009-2010 and 2013-2014) is above State average
Special Populations	<ul style="list-style-type: none"> • Percentage of students in each demographic sub-group present in the District is above State average in all tested subjects
Notably Successful	<ul style="list-style-type: none"> • Districts that meet the Above Average standard and at least one other standard (High Absolute Performance, Growth or Special Populations)

Approach

Demographics	Enrollment
<ul style="list-style-type: none"> • Geographic Size • Income Data • Taxable Values • Center Programs, Virtual Academies & Alternative Schools • Charter Schools 	<ul style="list-style-type: none"> • Five Year Enrollment Trend • Student to Teacher Ratios • Enrollment by Race • ELL Enrollment • Economically Disadvantaged Enrollment • Non-Public Enrollment
Financial	Special Education
<ul style="list-style-type: none"> • Hold Harmless Districts • Foundation Allowance • Fund Balance • General Fund Revenues • Funding by Source (including Federal Funding) • Expenditures per Student • Wages and Benefits • Bonds and Sinking Funds 	Transportation
	<ul style="list-style-type: none"> • Headcount and FTE • Special Education Revenues • Special Education Expenditures
	<ul style="list-style-type: none"> • Total Transportation Costs • Regular Education Transportation Costs • Special Education Transportation Costs

Data Sources

- Eidex
- Munetrix
- Michigan Department of Education
- Michigan Department of Treasury

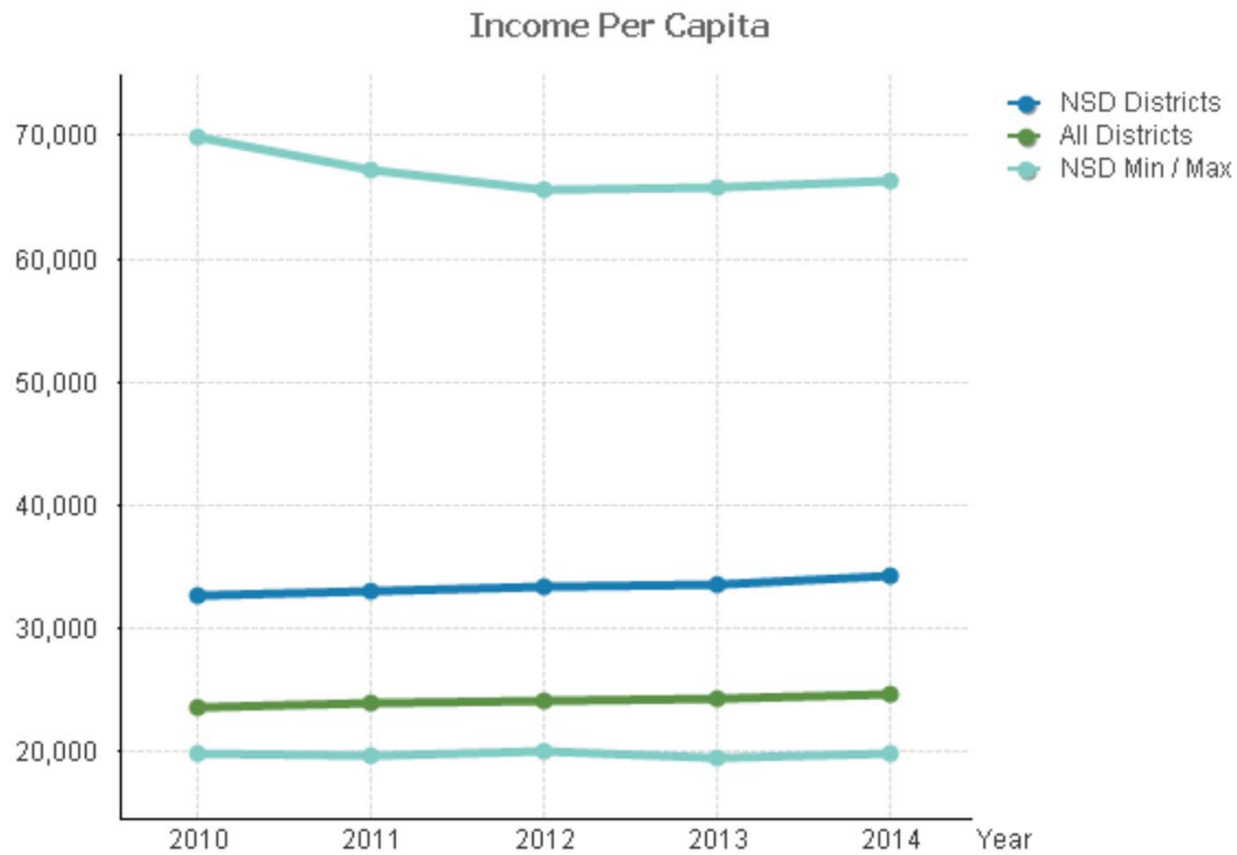
Demographics – Key Findings

- No apparent relationship to geographic size
- Average incomes increased in NSDs (2010 to 2014)
 - Per capita: 5.3%
 - Mean household: 4.3%
 - Median household: 3.8%
- Eleven (20%) NSDs operate center programs
- Ten (19%) NSDs operate virtual academies
- Forty (74%) operate alternative schools
- Limited competition from charter schools
 - Thirty-six (66.7%) NSDs have no charter schools within their boundaries
 - Only nine (17%) have multiple charter schools within their boundaries

Demographics – Income Data

Average Income per Capita Trend:

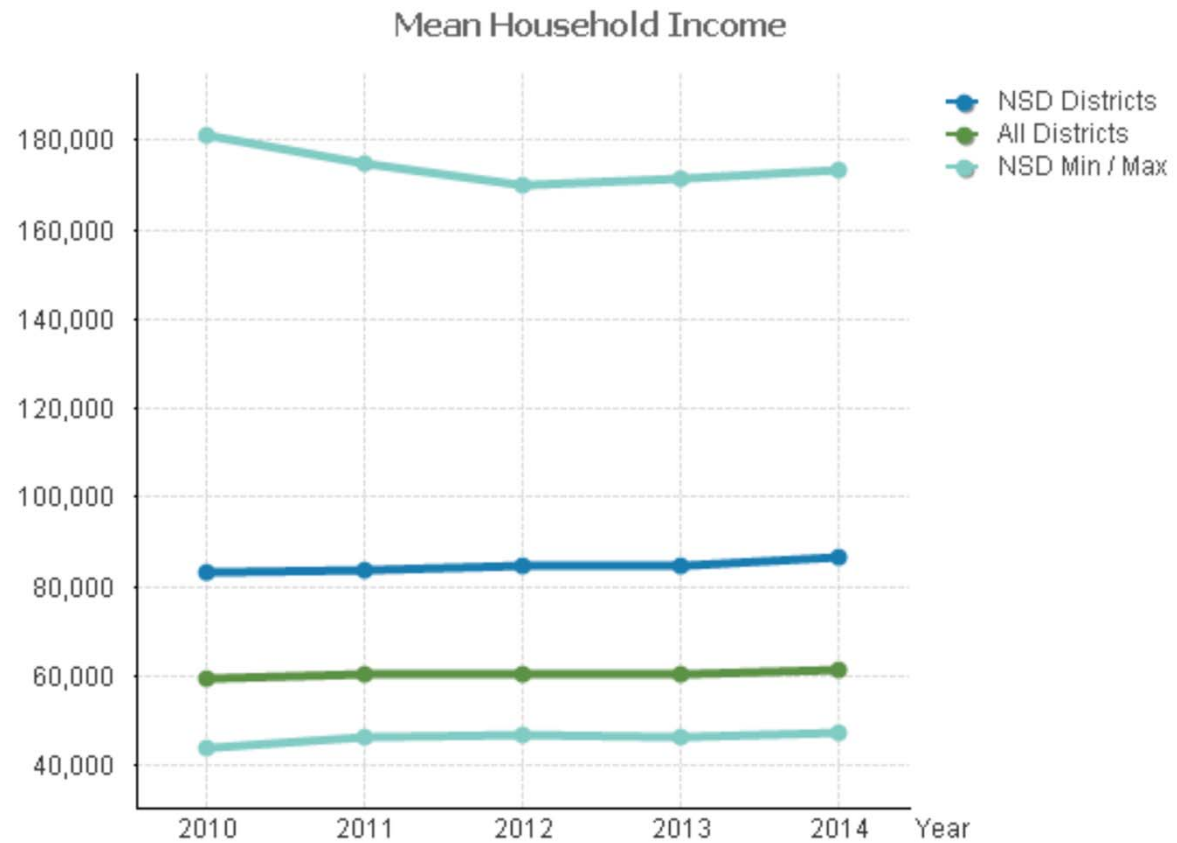
5.3% Increase



Source: Eidex

Demographics – Income Data

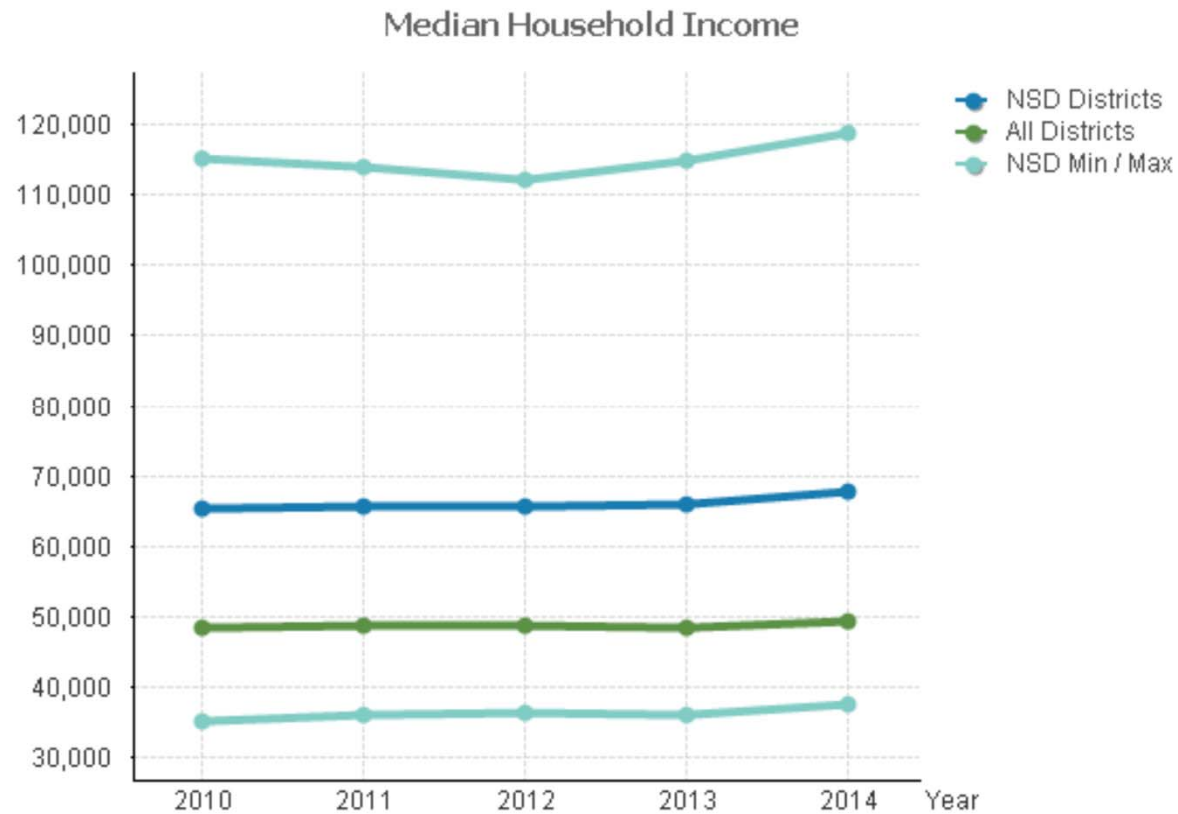
Average Mean Household Income Trend: 4.3% Increase



Source: Eidex

Demographics – Income Data

Average Median Household Income Trend: 3.8% Increase



Source: Eidex

Enrollment – Key Findings

- No apparent five year enrollment trend among NSDs, average decline of .99% (excluding outliers).
- Student to teacher ratios at NSDs declined by 2.2% (2010 to 2014)
- NSD student demographics:
 - Largest non-white population is Asian
 - Small African-American and Hispanic enrollments
 - ELL enrollment increasing
 - Economically disadvantaged enrollment holding steady

Enrollment

- Enrollment at NSDs, on average, is higher than the statewide average

Year	Average NSD Enrollment	Average Statewide Enrollment	NSD Average as a % of Statewide Average
2008	4,702	2,126	221.2%
2009	4,676	2,074	225.5%
2010	4,689	2,041	229.7%
2011	4,654	1,973	235.9%
2012	4,664	1,924	242.4%
2013	4,664	1,854	251.6%
2014	4,643	1,809	256.6%
2015	4,633	1,778	260.6%
2016	4,633	1,759	263.3%
Average	4,662	1,927	243.0%

Source: Chart created based on data provided by Eidex

Enrollment – Student to Teacher Ratios

- NSD average student to teacher ratio declined by 2.2% from 2010 to 2014.

Year	NSD Average Student to Teacher Ratio	NSD Minimum Student to Teacher Ratio	NSD Maximum Student to Teacher Ratio
2010	16.60	10.27	23.00
2011	16.59	11.56	23.78
2012	16.41	10.59	20.58
2013	16.36	11.06	20.63
2014	16.23	10.00	20.09

Source: Chart created based on data provided by Eidex

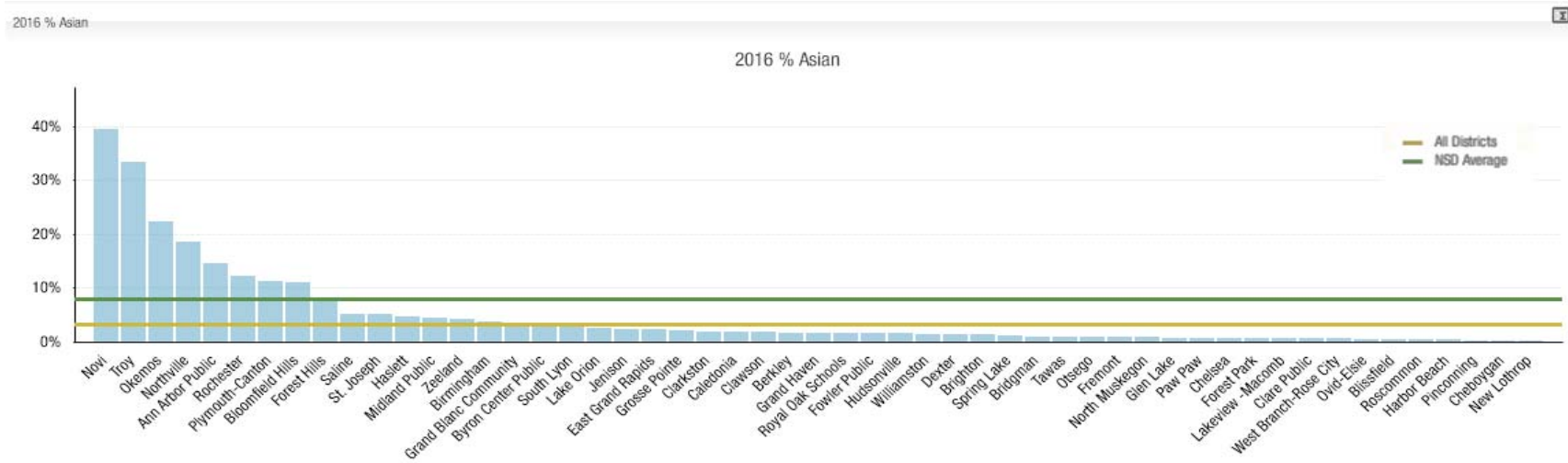
Enrollment – 2016 Enrollment by Race

- Largest non-white student populations at NSDs are Asian
- 7 NSDs have African American student populations over 10%
- 1 NSD has Hispanic enrollment over 10%

Category	Average % Enrollment
African American	3.92%
Asian	4.59%
Hispanic	4.00%
Multi-Racial	3.20%
Native American	0.31%
Pacific Islander	0.09%
White	83.88%

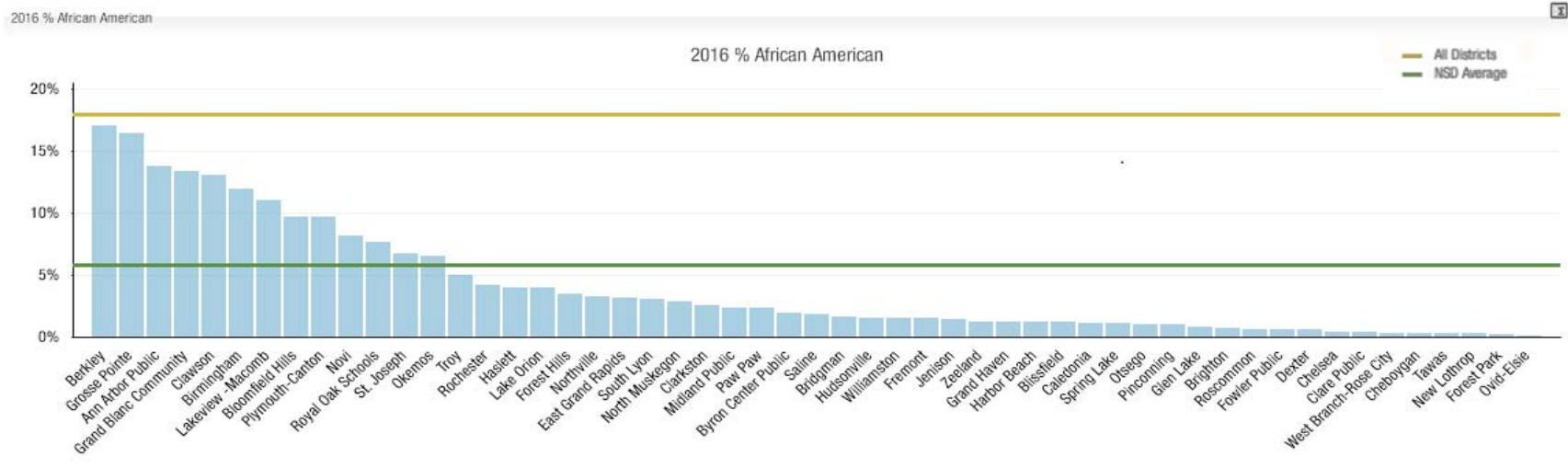
Source: Chart created based on data provided by Eidex

Enrollment – 2016 Enrollment by Race



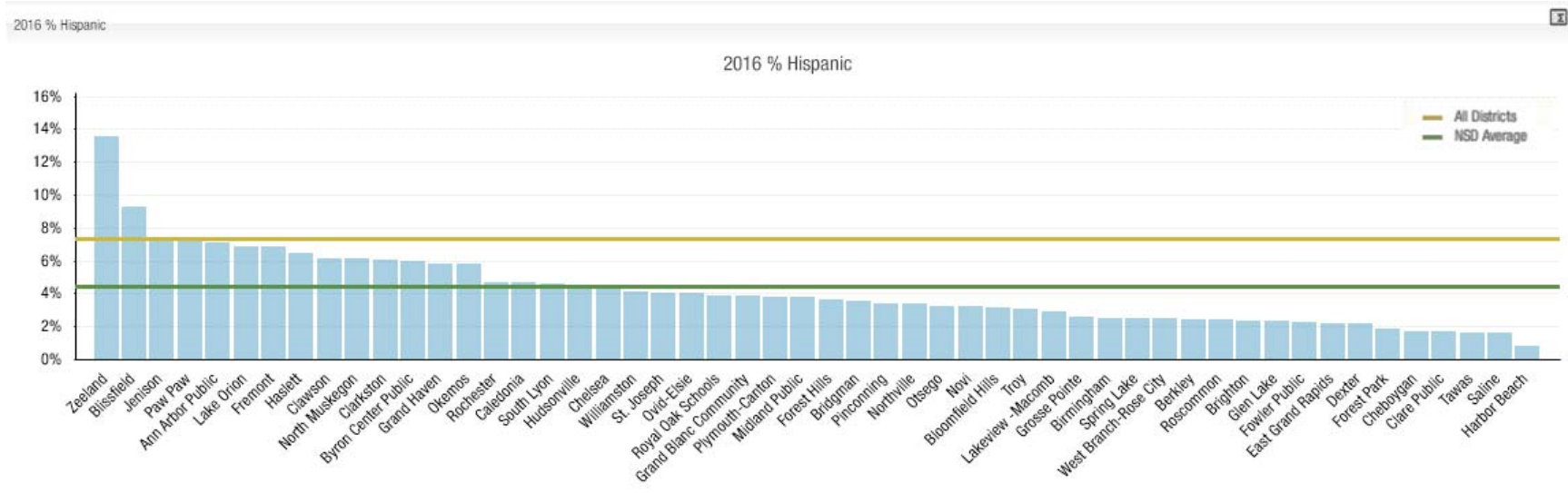
Source: Eidex

Enrollment – 2016 Enrollment by Race



Source: Eidex

Enrollment – 2016 Enrollment by Race



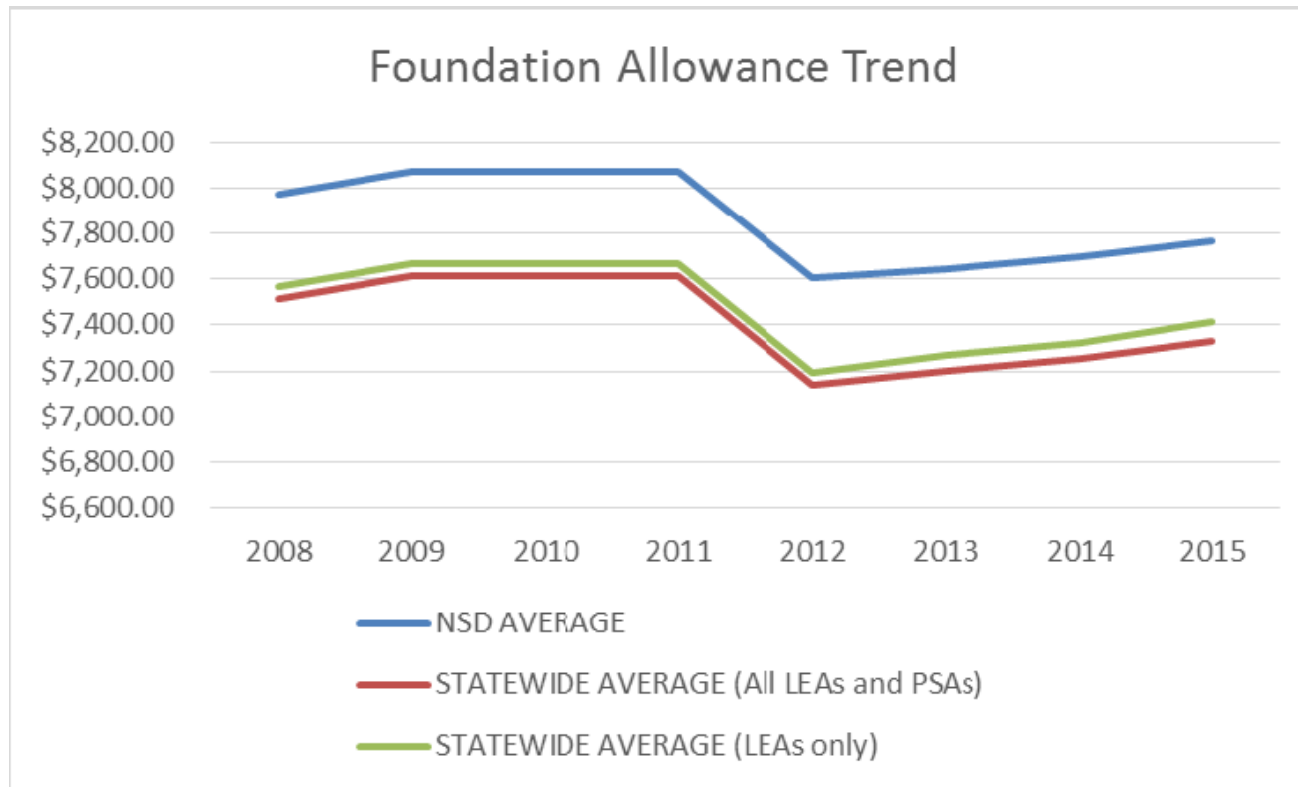
Source: Eidex

Financial Data – Key Findings

- Higher average foundation allowance than statewide average, though declining at a faster rate.
- Increasing fund balance as a percentage of total expenditures.
- Higher (3.25%) per student general fund revenue than statewide average.
- Declining federal revenues
- Higher (3.1%) expenditures per student than statewide average.
- Higher staff wages and benefits than statewide average.
- Significant capability to leverage debt for capital expenditures

Financial Data – Foundation Allowance

- NSDs have a higher average foundation allowance than statewide average, though declining at a faster rate.



Source: Chart created based on data from Michigan Department of Education website

Financial Data – Foundation Allowance

- NSD average foundation allowance is consistently above statewide averages.

Year	Average NSD Foundation Allowance	Average Statewide Foundation Allowance (LEAs and PSAs)	Average Statewide Foundation Allowance (LEAs only)	NSD Average as a % of LEA Average
2008	\$7,973	\$7,512	\$7,564	105.4%
2009	\$8,067	\$7,614	\$7,666	105.2%
2010	\$8,067	\$7,613	\$7,666	105.2%
2011	\$8,067	\$7,612	\$7,666	105.2%
2012	\$7,601	\$7,140	\$7,195	105.6%
2013	\$7,642	\$7,198	\$7,271	105.1%
2014	\$7,693	\$7,251	\$7,326	105.0%
2015	\$7,764	\$7,328	\$7,410	104.8%

Source: Chart created based on data from Michigan Department of Education website

Financial Data – Revenue per Student

- NSD general fund revenue per student averages \$328 (or 3.25%) higher than statewide.

Year	Average NSD General Fund Revenue per Student	Average Statewide General Fund Revenue per Student	Difference (\$)	Difference (%)
2008	\$9,980	\$9,463	\$518	5.2%
2009	\$10,044	\$9,627	\$417	4.2%
2010	\$9,936	\$9,573	\$363	3.7%
2011	\$10,128	\$9,940	\$188	1.9%
2012	\$9,878	\$9,820	\$58	0.6%
2013	\$9,939	\$9,618	\$321	3.2%
2014	\$10,147	\$9,796	\$351	3.5%
2015	\$10,592	\$10,185	\$407	3.8%

Source: Chart created based on data provided by Eidex

Financial Data – Per Student Expenditures

- NSDs spend an average of 3.1% more per student than statewide average.

Year	Average NSD Expenditure per Student	Average Statewide Expenditure per Student	Difference (\$)	Difference (%)
2008	\$9,886	\$9,536	\$351	3.6%
2009	\$10,143	\$9,773	\$371	3.7%
2010	\$10,078	\$9,755	\$323	3.2%
2011	\$10,041	\$9,825	\$217	2.2%
2012	\$10,017	\$9,798	\$219	2.2%
2013	\$10,061	\$9,726	\$335	3.3%
2014	\$10,180	\$9,854	\$326	3.2%
2015	\$10,520	\$10,148	\$372	3.5%

Source: Chart created based on data provided by Eidex

Financial Data – Per Student Expenditures

- Capital Projects and Operations & Maintenance

Category	Expenditure Per Pupil								% Change
	2008	2009	2010	2011	2012	2013	2014	2015	
Capital Projects	\$17.50	\$20.90	\$24.57	\$46.00	\$44.94	\$29.62	\$16.55	\$51.94	196.8%
Operations & Maintenance	\$981.70	\$1,021.09	\$925.09	\$879.96	\$854.30	\$841.56	\$869.37	\$876.93	-10.7%

Source: Chart created based on data provided by Eidex

Financial Data – Wages & Benefits

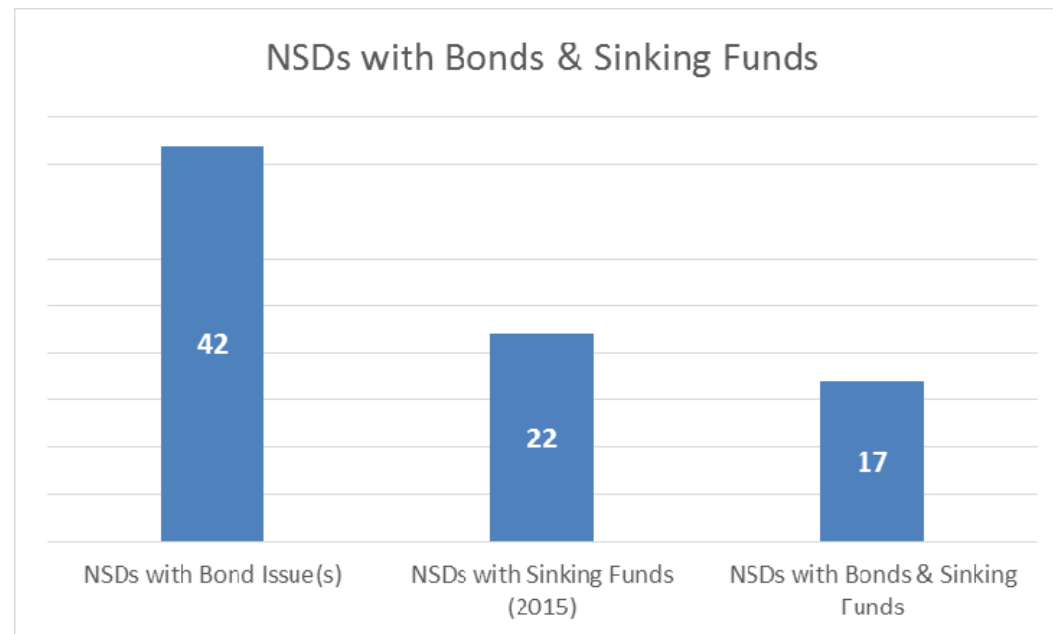
- NSD average wages and benefits are 113% of statewide average.

Year	Average NSD Total Wage & Benefits per Student	Average Statewide Total Wage & Benefits per Student	Difference (\$)	Avg NSD Wage & Benefits as % of Avg Statewide (%)
2008	\$8,251	\$7,488	\$763	110%
2009	\$8,433	\$7,669	\$764	110%
2010	\$8,445	\$7,584	\$861	111%
2011	\$8,381	\$7,530	\$851	111%
2012	\$8,344	\$7,400	\$944	113%
2013	\$8,380	\$7,307	\$1,073	115%
2014	\$8,502	\$7,322	\$1,180	116%
2015	\$8,754	\$7,513	\$1,241	117%

Source: Chart created based on data provided by Eidex

Financial Data – Bonds & Sinking Funds

- Significant capability to leverage debt for capital expenditures



NOTE: Bond data is for qualified and non-qualified bonds for the past ten years. Sinking fund data is 2015 only.

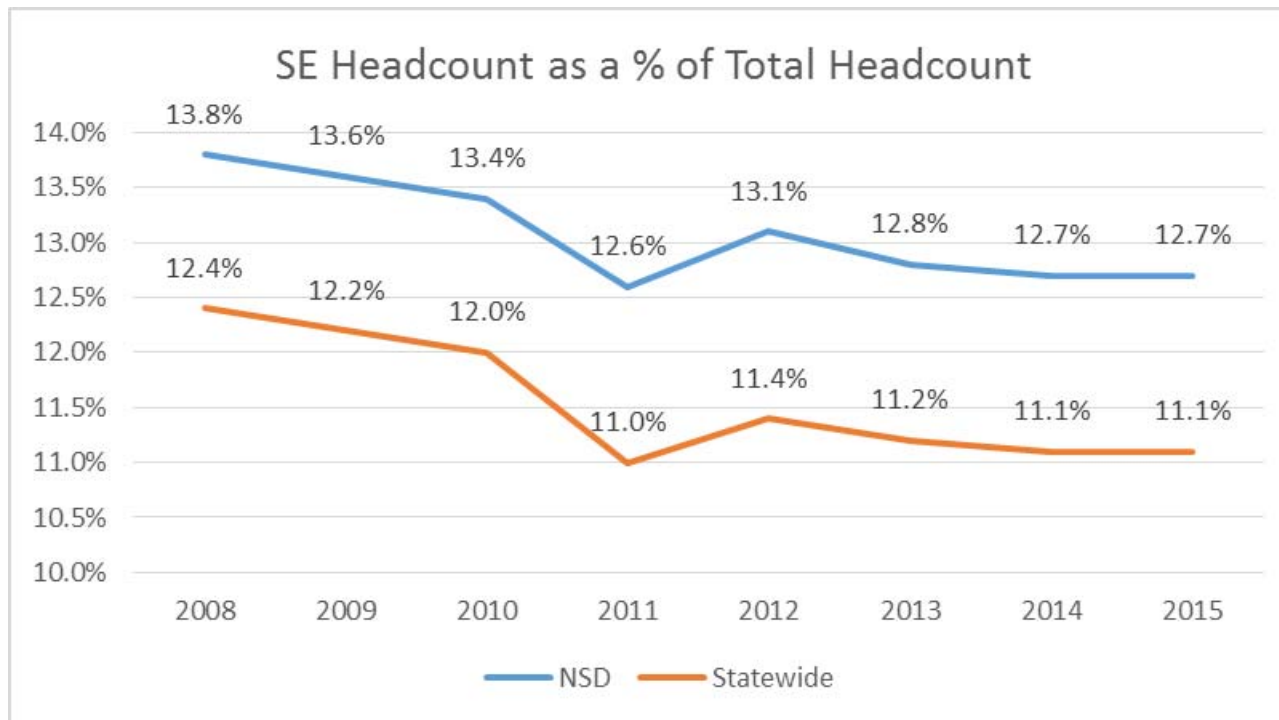
Source: Michigan Department of Treasury and www.munios.com

Special Education – Key Findings

- Special education enrollment:
 - NSD special education headcount declining at a slower rate than statewide average.
 - Slightly higher special education populations as a percent of total population than statewide average.
 - Higher special education conversion ratio (headcount to FTE) than statewide average.
- Special education revenues:
 - 51a and federal revenues increasing at NSDs
 - PA18 revenues declining at NSDs
- Special education expenditures:
 - Special education expenditure per student (headcount and FTE) increasing
 - Special education expenditures as a percent of total expenditure holding fairly steady

Special Education – Enrollment

- Special education headcount as a percentage of total headcount is higher than statewide average.



Source: Eidex

Special Education – Statewide Enrollment

- Statewide special education FTEs as a percent of total FTE

	Statewide	LEAs Only	PSAs Only
2006 - 2007			
Total FTE	1,681,062	1,584,435	96,627
SE FTE	74,968	73,701	1,267
SE FTE as a % of Total	4.5%	4.7%	1.3%
2009 - 2010			
Total FTE	1,595,722	1,487,297	108,425
SE FTE	62,711	61,311	1,400
SE FTE as a % of Total	3.9%	4.1%	1.3%
2013 - 2014			
Total FTE	1,522,628	1,374,800	147,828
SE FTE	49,169	47,353	1,816
SE FTE as a % of Total	3.2%	3.4%	1.2%

Source: Chart created based on data provided by Oakland Schools

Transportation – Key Findings

- Total transportation costs per mile for NSDs are nominally lower than statewide average.
- Regular education costs per mile for NSDs are nominally higher than statewide average.
- Special education costs per mile for NSDs are 4.25% lower than statewide average.

Conclusions

SECTION	CONCLUSIONS
Demographics	<ul style="list-style-type: none"> • Increasing incomes • Less competition from charter schools
Enrollment	<ul style="list-style-type: none"> • NSDs are larger districts on average • Low decline in enrollment • Different student demographics
Financial	<ul style="list-style-type: none"> • Higher foundation allowance • Higher fund balance • Higher per student revenue • Higher per student expenditure • Better able to fund capital projects through sources other than the general fund • Decreased maintenance and operations expenditures • Higher wages and benefits
Special Education	<ul style="list-style-type: none"> • Larger special education population as a % of overall population • Higher special education conversion ratio • Increased special education spending
Transportation	<ul style="list-style-type: none"> • Lower special education transportation costs

Thank You

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